

HEADLIGHT VISION LIMITED
FINANCIAL STATEMENTS
31ST MARCH 2000

Company Registration Number 3138867



WILKINS SOUTHWORTH
Chartered Certified Accountants & Registered Auditors
20 Mortlake High Street
Mortlake
London
SW14 8JN

HEADLIGHT VISION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2000

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Statement of directors' responsibilities	4
Auditors' report to the shareholders	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

HEADLIGHT VISION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

C.A. Hollingworth
H.M. Bunn
Ms S Davies

Company secretary

H.M. Bunn

Registered office

Studio 4, Royalty Studios
105-109 Lancaster Road
London
W11 1QF

Auditors

Wilkins Southworth
Chartered Certified Accountants
& Registered Auditors
20 Mortlake High Street
Mortlake
London
SW14 8JN

HEADLIGHT VISION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of marketing consultancy.

The accounts for 1999/2000 reflect the early stages of development of HeadlightVision from a single revenue company to one offering a variety of products and services to meet different client needs. The year also reflects the continued investment in the development of our unique global intelligence network that fuels and underpins all of our work.

HeadlightVision developed two additional future sources of revenue during 1999/2000, a qualitative research capacity and intelligence products (Globalstreetscapes and Decode) that capture the newest and latest social and brand activities from around the world. The investments behind these two products have been significant (development of a web-site for the former and intelligence for the latter) including employing four consultants full-time to manage and develop them.

In the term of these accounts the impact of these two separate efforts has had a detrimental effect on the short-term financial health of the company as the revenue stream comes on-line. The time investment also had a short-term impact upon the amount of consultancy undertaken, again impacting directly upon revenue and profit.

We are confident however in the benefits of these products both in terms of showcasing the capability of HeadlightVision and its staff, but also in generating revenue and profit in the following years.

Another significant investment has been in repurchasing shares and contracts of two Directors. These decisions were taken not as a reflection of their contributions to the company but as a result of the board's desire to have all shares of the company held by full-time employees of it. Having consolidated the shares we are now able to introduce attractive share options schemes for all employees.

We believe these accounts reflect a period of development for the company that will bring benefits in years to come.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2000	At 1 April 1999
C.A. Hollingworth	485	415
H.M. Bunn	450	380
M.H. Perry (Resigned 27 May 1999)	—	—

Ms S Davies was appointed as a director on 3rd April 2000.

HEADLIGHT VISION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 2000

AUDITORS

A resolution to re-appoint Wilkins Southworth as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Studio 4, Royalty Studios
105-109 Lancaster Road
London
W11 1QF

Signed by order of the directors



H.M. BUNN
Company Secretary

Approved by the directors on 31st January 2001

HEADLIGHT VISION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31ST MARCH 2000

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 8, and then apply them consistently;

- make judgements and estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HEADLIGHT VISION LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST MARCH 2000

We have audited the financial statements on pages 6 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 8 .

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 4, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2000 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



20 Mortlake High Street
Mortlake
London
SW14 8JN

WILKINS SOUTHWORTH
Chartered Certified Accountants
& Registered Auditors

31st January 2001

HEADLIGHT VISION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 2000

	Note	2000 £	1999 £
TURNOVER		794,862	1,357,649
Cost of sales		(361,997)	(346,740)
GROSS PROFIT		432,865	1,010,909
Administrative expenses		(469,590)	(717,738)
OPERATING (LOSS)/PROFIT	2	(36,725)	293,171
Interest receivable		5,533	6,582
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(31,192)	299,753
Tax on (loss)/profit on ordinary activities	3	4,138	(61,882)
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(27,054)	237,871

The notes on pages 8 to 10 form part of these financial statements.

HEADLIGHT VISION LIMITED

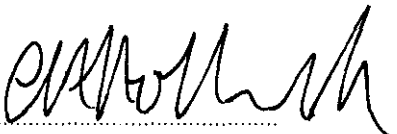
BALANCE SHEET

31ST MARCH 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	4	48,591	59,121
CURRENT ASSETS			
Debtors	5	223,750	391,771
Cash at bank		6,838	434,502
		<u>230,588</u>	<u>826,273</u>
CREDITORS: Amounts falling due within one year	6	<u>(95,146)</u>	<u>(646,682)</u>
NET CURRENT ASSETS		<u>135,442</u>	<u>179,591</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>184,033</u>	<u>238,712</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	935	1,000
Profit and loss account	10	183,098	237,712
SHAREHOLDERS' FUNDS		<u>184,033</u>	<u>238,712</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 31st January 2001 and are signed on their behalf by:


C.A. HOLLINGWORTH


H.M. BUNN

The notes on pages 8 to 10 form part of these financial statements.

HEADLIGHT VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	20% per annum on cost
Furniture & Fittings	-	25% per annum on written down value
Equipment	-	25% per annum on written down value

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2. OPERATING LOSS/PROFIT

Operating loss/profit is stated after charging/(crediting):

	2000 £	1999 £
Directors' emoluments	72,000	462,727
Depreciation	16,198	17,204
Profit on disposal of fixed assets	(450)	-
Auditors' fees	3,500	3,500

3. TAX ON PROFIT OR LOSS ON ORDINARY ACTIVITIES

	2000 £	1999 £
Corporation tax based on the results for the year at 20% (1999 - 21%)	(4,138)	61,882

HEADLIGHT VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2000

4. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Furniture & Fittings £	Computer & Office Equipment £	Total £
COST				
At 1st April 1999	16,290	21,264	38,771	76,325
Additions	-	2,032	3,636	5,668
At 31st March 2000	<u>16,290</u>	<u>23,296</u>	<u>42,407</u>	<u>81,993</u>
DEPRECIATION				
At 1st April 1999	3,258	4,253	9,693	17,204
Charge for the year	3,258	4,761	8,179	16,198
At 31st March 2000	<u>6,516</u>	<u>9,014</u>	<u>17,872</u>	<u>33,402</u>
NET BOOK VALUE				
At 31st March 2000	<u>9,774</u>	<u>14,282</u>	<u>24,535</u>	<u>48,591</u>
At 31st March 1999	<u>13,032</u>	<u>17,011</u>	<u>29,078</u>	<u>59,121</u>

5. DEBTORS

	2000 £	1999 £
Trade debtors	186,991	382,834
Corporation Tax repayable	4,138	-
VAT recoverable	2,393	-
Other debtors	20,938	8,937
Prepayments and accrued income	9,290	-
	<u>223,750</u>	<u>391,771</u>

6. CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Trade creditors	41,803	7,503
Other creditors comprise:		
Corporation tax	-	62,017
PAYE and social security	-	186,364
VAT	-	131,742
Directors' current accounts	47,793	223,636
Accruals and deferred income	5,550	35,420
	<u>95,146</u>	<u>646,682</u>

HEADLIGHT VISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2000

7. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2000 £	1999 £
Operating leases which expire: Within 2 to 5 years	<u>31,750</u>	<u>31,750</u>

8. RELATED PARTY TRANSACTIONS

During the year the company acquired research and consultancy services for a total value of £28,158 from The Insight Track a business in which the director C.A. Hollingworth is a partner.

9. SHARE CAPITAL

Authorised share capital:

	2000 £	1999 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital brought forward	1,000	1
Issue of ordinary shares	-	999
Purchase of own equity shares	(65)	-
	<u>935</u>	<u>1,000</u>

10. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Balance brought forward	237,712	(159)
Retained (loss)/profit for the financial year	(27,054)	237,871
Purchase of own shares	(27,560)	-
Balance carried forward	<u>183,098</u>	<u>237,712</u>